by the FCC for censorship, we feel is a violation 1 of the First Amendment to the Constitution of the 2 United States and not right. We think the FCC 3 should be focused not on trying to censor free 4 5 speech, but should be focused on trying to further ensure that every American, that all people, have 6 7 an opportunity to be involved in ownership of radio and television and cable and not try to prevent certain services of the community or the culture 9 10 from being full participants. 11 The question that Russell wanted me to say is that he and about 50 top hip-hop artists are also 12 wanting to go into the radio business. So if 13 there's any of the conglomerates that are 14 1.5 listening, you have some potential partners out there where we would like to diversify. They have 16 a lot of money. It's not a money issue, but it's a 17 question of access to get involved in the delivery 18

And so we hope that this hearing, Mr.

Chairman, will certainly send a signal back to the FCC that this is not only a hotly debated issue, but we believe that the question of minority ownership is something that should be not only debated, but after the vote on June 2<sup>nd</sup>, whichever

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of programming.

way it goes, we're going to be looking at who the stakeholders are and who the stakeholders will be. And we're going to be knocking at your door to see if we can, from a grassroots perspective, affect programming and affect ownership, and affect what goes on in terms of what people are hearing and seeing in terms of the mass media.

Lastly, on the internet. Our constituency is probably the most internet-sophisticated of any youth constituency in the United States. Hip-hop is digital. And we constantly communicate on the internet. And I think that we should not fear technology as high technology is used. We think that technology also should be a way to bring those who are considered minorities into the enterprise of mass media and mass communications.

And the last point, Mr. Chairman, we believe that the Federal Communications Commission itself, should be further diversified. They need some more young person's view on the Federal Communications itself.

The regulators should have a perspective.

Now, we understand that there is a proposal to form an advisory committee. And we hope that if an advisory committee is established, that you will

1	not only have diversity of racial and ethnic
2	background on that advisory committee, but you also
3	will have a diversity of age. We should not have a
4	situation that is a generation gap just simply
5	based on age between the young and old on something
6	as vital as communications.
7	So, we commend this hearing and hopefully out
8	of Detroit will come another good example of how
9	the rest of the nation should fall in terms of
10	having great community service with the programming
11	that exists as we try to expand the market for
12	others to get in.
13	Thank you very much.
14	PROFESSOR ARNOLD: And from Detroit, Earl
15	Jones, General Manager of WJLB and The Mix.
16	MR. JONES: Sitting at this end of the room,
17	after hearing all the comments coming from down
18	row, I just want to say that I have not heard
19	anything that's not true.
20	I think I'm sitting here from one of the major
21	groups, which is Clear Channel, and I am also
22	sitting here as a minority. And I didn't just
23	start being a minority when I joined Clear Channel,
24	so, I understand the discrimination. And, yes,

there is a lot of discrimination out here.

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I started in J-Core coming out of Quincy's group, prior to that it was FOX; all the big names that you want to toss around. But the bottom line is I have gotten more opportunity because of Clear Channel and where I sit right now to do the type of things I do here locally without restraints. It's fortunate to have that, but that comes down to what Minister Ben Chavis said, it comes down to not the aggregate that owns you, it's what they're letting you do in the individual markets.

I can say without any restraint that we do things here differently. I followed some very good broadcasters, one sitting down at the end down there, Verna Green, who put in place the thing called, "Coats for Kids."

You guys who are not originally here from Detroit and you're coming in from out of the

1	markets, Coats for Kids provides coats for kids who
2	are not able to go buy coats. It's about the
3	community. It's about the things that you enact as
4	a community.
5	Yes, would I have liked to have had one of
6	those tax credits? I think I could put together a
7	pretty good group being and ex-NFL player and
8	bringing together some of my guys I played ball
9	with. We wanted to get into business. But, I tell
10	you one thing, you can't win until you're inside
11	and understand the system.
12	I think that once I saw the competitive nature
13	of this business and the growth opportunities that
14	it has shown, I think I understood how to grow.
15	So, I'm coming to you from a personal note. Not
16	that I am the model, but I am an opportunity that
17	came out of consolidation.
18	When you consolidate, typically, the best will
19	rise in a competitive environment. And I must say
20	this a competitive environment.
21	I want to comment on a couple things that were
22	facts that came from right down here about Clear
23	Channel's ownership. Remember that 90 percent of

the radio stations in the U.S. are not owned by

Clear Channels. Just understand that. That's a

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1	major amount. Also, the effect on rates I am
2	not a programmer; I am a sales guy who's now a vice
3	president and general manager. I have seen rates
4	fall because of what we've said, the group deals
5	and those types of things, they have somewhat
6	driven rates down.

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Let's talk about facts. When groups put together deals across the country, and these are the advertising buyers, they're expecting a deal when they come in with a group. They are not expecting to pay high rates. And I have not, in the life of my existence in this business, been able to get a buyer to pay more and buy another station in my group just because it was Clear Channel, or J-Core or FOX. And I have worked for Viacom, I worked for Paramount Viacom and I worked with the WB. I just have not been able to do that.

I would challenge each one of you guys to take a look at what it really boils down to. It boils down to community, how we're servicing our community.

WJLB, before me - - and it's not me, it's people way before me, that put things into existence now, that were important. They won't go away because a conglomerate comes in, if you have

the right people managing and operating.

what it has really done and to be objective. All of us are smart on this panel and some things are going to come out that we typically don't want to talk about, but it's true, discrimination does exist. Let's not dodge that bullet because it's there. And until individuals like myself are in the places to make a move, to make discussions, to influence people - - and that's not a just a minority company, it's not just a white owned company - - it's until we're in the position in companies, that we can truly make a difference.

So, let's get inside. And I really do thank you guys for putting this together so that you can really hear the true facts.

We don't have enough time here to go over the things that some of these companies are doing because they do see the inadequacies of what they are doing. They do see the fact that there's not enough diversity. So just be objective and listen to the facts here. You have a very distinguished panel put together and no one said anything that is not true. Everything is factual, but the people on this panel can make some of the changes.

1	Thank You.
2	PROFESSOR ARNOLD: There you go.
3	(Applause).
4	PROFESSOR ARNOLD: Frankie Darcell is here.
5	Frankie Darcell.
6	And I saw Dennis Archer Jr. Is he
7	representing Radio One?
8	(No response).
9	PROFESSOR ARNOLD: Okay, we'll find out in a
10	moment? Now, Channel 7 WXYZ, General Manager Grace
11	Gilchrist.
12	MS. GILCHRIST: Thank you.
13	And I, too, would like to compliment
14	Congressman Conyers for putting this panel
15	together. I think it is a profoundly important
16	topic.
17	I am a born and raised Detroit kid. And I
18	have the blessing of running one of the top
19	stations here in Detroit. I think I am a bit of an
20	anomaly in my industry, that a native has that kind
21	of access. But I sit here today as a direct
22	recipient of the Civil Rights legislation that
23	demanded that our industry, the broadcast industry,
24	open it's doors to women and minorities. And I was
25	hired in 1974, shortly after those guidelines were

1 put into place.

So I was blessed to be one of the first women in television, in this city and I have been able to prosper through various career moves and feel very fortunate to be one of America's great ABC affiliates. We're typically ranking top in three to five stations of the ABC network in the country. And it is a powerful and it is an important role that I play because there is such a solid commitment to our community and to the fact that we have the autonomy to, when our local election emerged in - - run off emerged on our City Council, that we could have the Honorable Joann Watson on our shows to talk about her issues; and that we could have her opponent, Gill Hill, on in deep dialogue on what were the critical issues.

And I have the local autonomy because we're owned by what is considered to be a medium-sized company in our industry with only 10 TV stations, not the 35 and the 72 that some of these guys have been talking about. And so there very much is an ethnic that those 10 stations must succeed in their local communities and they can only do that by operating in the local community's best interest and to earn there trust everyday.

The question I think that we were asked to
talk about is, how will the changes that the FCC
proposes impact minority ownership? Well, I think
the greater question is, how important is minority
ownership to the FCC currently? Because talking
for the radio industry there is some good examples,
I think, of some companies that have become fairly
large as minority operators. But, in the TV
industry we have one African-American owned TV
ownership company that's of any significant size;
they own the WB station here, it's Granite
Broadcasting.

And as far as I know, there is no television group that is owned by a women in the country. So I don't know that we can look at the results — and that's television, not radio, because I know there are some female—owned radio groups as there are some fairly large newspaper organizations that are owned by women. So I don't really know, that we can look at what the proposed changes will mean to minority ownership when we really haven't explored why the current systems isn't producing better results as it is.

We know that this 35 percent rule has been in place for 17 years and the changes have been

prompted by a lawsuits by two of the networks in this country challenging the FCC. I think it was Viacom and FOX that are challenging this law. But I guess as just a local broadcaster.

I know that the FCC is being tested by the law of the land, but I also believe strongly that the public airwaves should be treated as a public trust dynamic. It should not treat, as this is an antitrust suit between two major corporations. The public airwaves belong you and I, to me and to all of us and they need to have a public dialogue about what that means. And the fact that so few Americans have been made aware of this upcoming change, I think is testament to the inside baseball, discussions have gone on.

I applaud the fact that we're trying to get at some of these issues because they are critical to the future of our democracy and they are critical to the continued ownership of the airwaves by the American public. So I applaud the whole process here.

We certainly are, our company and our station is - - and I was very concerned about the implications of the lowering of these standards by allowing major corporations to come in and buy more

1 stations on the television side. And we feel that 2 has not been significant discussions or dialogue on 3 what the implications will be down the road. 4 And so we are very much concern about this whole process and I think we'll be advocates of 5 6 slowing it down so we have more than a couple weeks 7 to decide and to discuss what those implications would be. But I know they're under a court order 8 9 and that's a difficult thing to balance. 10 But again, I would argue that the public airwaves are a little bit like the Grand Canyon, 11 12 maybe they should have some special protection or 13 some special rights under our Constitution, because 14 we are talking about our industry representing one 15 of only four of our freedoms that was so protected 16 by the Constitution. Thank You. 17 18 (Applause). 19 PROFESSOR ARNOLD: David. 20 MR. HONIG: It is a privilege especially to be 21 at a hearing convened by John Convers, who I met 30 22 years ago. 23 And Civil Rights lawyer on the plaintiff's 24 side, as I am, will tell you, this man is Mr. Civil 25 Rights in Congress. I hope you know the quality of

1 the representation you have, because no one in 2 Congress has done more for these issues than you're 3 representing. 4 (Applause). I want to tell you that I have a chance to 5 6 provide some background wearing of my hat as a 7 Civil Rights and Public Interest lawyer. 8 another hat, MMTC owns the only minority-owned 9 Media Brokerage in the United States. We started 10 it five years ago and in that time we participated 11 in about 1.7 billion dollars worth of broadcast 12 transactions, which actually makes us about the 13 medium size, about a second or third-tier broker. 14 That's actually fairly small. 15 In our experience, and I think that of most 16 Media brokers, and also the results of the FCC 17 studies that we did on this in 2000, the two 18 principal impediments to minority broadcasting 19 ownership, are access to capital and access to 20 opportunity. What most people don't realize is that those two impediments are very closely related 2.1 22 because money chases opportunity; capital chases 23 opportunity. 24 When the Commission deregulates, as it appears that it may, those who will have the opportunity to 25

1	consolidate in local market, to consolidate in
2	national markets, are going to find that money is
3	chasing them. Money always goes where a synergies,
4	vertical and horizontal integration present
5	themselves. What is the answer to that for
6	minority ownership? It is to try to build
7	opportunities for minorities which money will
8	chase.
9	There are at least four ways that the FCC or

There are at least four ways that the FCC or Congress could, in these rules or thereafter, through the advisory committee process, develop initiatives that would offset some of the possible detrimental results of consolidation and create opportunities for minorities which money would be attracted to.

One of those, mentioned briefly this morning, is creating new classes of FM radio stations which would be attractive to minorities, especially, because of the systems of bidding credits under which the FCC affords new entrance. Alega, an additional plus to guiding of their bids, to bid on new construction permits for new faculties. Money will chase that.

Another possibility, is Senator McCain's Bill the Telecommunications Ownership Diversification

Act, which will restore much of the former tax
certificate policy, basically, affording a deferral
of capital gains taxes to the seller of a company
that sells to socially and economically
disadvantage businesses; a category that includes
most minorities-owned companies. That's especially
critical because right now, if you are bidding just
to purchase a faculty, you may be in competition
with those who will be bidding just to swap an
existing facility, tax free, with the facility that
you are trying to buy. That exchange is tax-free,
but if you are the buyer, you will be having to pay
more if you don't have anything that you can swap,
to account for the fact that the seller will have a
capital gain to offset which can't be deferred.
That was why the tax certificate policy was so
effective before. Money chased opportunities.
Another possibility, waivers for companies
that sell stations to socially and economically
disadvantaged businesses. To just give you an
example, in the past 5 years there have been some
54 stations sold by just two companies, Clear
Channel and Infinity, to minorities as a result of
having to spin stations off where otherwise the

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transactions, merger in question would have

exceeded the multiple ownership caps. Those 54 opportunities had a coat tail effect, because what happen was minority companies who were able to bid, and there were no price breaks, they had to pay fair market value.

Once they were able to bid on quality property they were able to get in the door to banks, to investment companies, having been embraced by the two largest radio companies who thought that they were reaching out to as potential buyers. So, that even those who did not get those transactions were then able to develop business plans and develop financing and go buy other properties. That's really what has prevented a real disaster as a result of the 1996 Telecommunication Act of Radio Ownership.

It's noteworthy that that happened even without any waivers because we just happened to blessed with CEO's of those two companies who really did believed in minority ownership and inclusion and did it even without the need for waivers. Image what we could do if we also had an incentive.

Fourth, equal transaction opportunity, that is a policy of non-discrimination in the sale of

broadcast stations. This is huge, put yourself in
the standpoint of the media investor. Investors
typically want 30 to 40 percent returns in five
years in order to decide to put money into this
business as opposed to other businesses. In order
to achieve that, a company needs to be able to
constantly be acquiring stations. You can't just
buy one and operate it, you've got buy several in a
sequence of time synergize them and grow. In order
to synergized them and grow and develop a growing
company, which is what they expect, you have to
know what deals are out there, what are the targets
of opportunity, what are the low hanging fruit.
The way to make sure the companies know that and to
have investors to take note is for investors to
have assurance that if they invest in a minority
owned company they are going to have equal
opportunity to learn just as quickly as everyone
else did that a station is for sale. That's huge.
Finally, I want to just announce that at some
point the Commission is going to develop rules and
we have to be pragmatic. We can't just allow
minority to be diminished or to die.
Consequently, July 21st and 22nd in
Washington, we're convening a two-day free

1	conference called, How Minority Broadcasters Can
2	Survive Deregulation. We're going to have top
3	people there from the financial community there,
4	the top companies with stations to sell to
5	minorities there, will have a media ownership
6	there. We'll have people writing business plans
7	there, we'll have people from the FCC and the
8	Congress Department there. So that if you want to
9	be part of the future of minority ownership, please
10	come or see me later and I'll give you some detail.
11	Again it's free, we're not trying to make some
12	money from this we want build opportunity.
13	Thanks.
14	PROFESSOR ARNOLD: Thank You. The Cable
15	Commission is here. Professor Avery, goes back to
16	Mr. Rogers and the beginning stages of PBS and he's
17	also helped with my dissertation. Professor Avery
18	is in the back. Could you give him a round of
19	applause please.
20	(Applause).
21	One of the very best programmers in this
22	country with regard to commercial radio is Tony
23	Gray. And now he's into ownership.
24	MR. GRAY: Like the other panelists, I'd like
25	to thank Congressman Conyers for inviting us all to

....

1	join here today.
2	I've been involved the broadcasting industry
3	for the bulk of my professional career, much of
4	which has been focused on
5	PROFESSOR ARNOLD: Your microphone is kind of
6	low move it closer to you, Tony.
7	MR. GRAY: Is that better?
8	PROFESSOR ARNOLD: Yes.
9	MR. GRAY: Much of my career has been centered
10	on programming radio stations that target African
11	American consumers across the country. And I've
12	had the pleasure of working for some of the larger
13	more important companies, companies that have
14	benefited from the deregulation of 1996. And also,
15	I've had the pleasure of working for a number of
16	the minority-owned and operated radio stations in
17	the country as well.
18	The relationships are a little different and I
19	want to tell you a little bit on why I think that
20	minority ownership is important, because I've had
21	the experience of working for both.
22	In my opinion minority ownership and
23	participation in the media is crucial because it
24	provides an outlet that focuses on issues relevant
25	to minorities, issues that are often neglected by

1	networks and general markets broadcasters.
2	In comments to the FCC, the National
3	Association of Black-Owned Broadcasters, set forth
4	ten reasons why minority ownership of stations is
5	important.
6	Point No. 1, the tailored coverage of national
7	news stories to address minority concerns.
8	Point No. 2, they covers major stories that
9	are not covered by major market or general market
10	operators.
11	Point No. 3, they approach news stories at a
12	different prospective than the general market
13	competitors.
14	Point No. 4, they pay special attention to
15	public affairs programming that focus on issues of
16	great concerns to the ethic components of those of
17	local markets.
18	Point No. 5, because a greater effort on
19	covering local government issues, local elections,
20	things of that nature.
21	Point No.6, they pay special attention to
22	issues concerning women.
23	Point No. 7, broadcasting languages in other
24	than in English, especially Hispanic programming
25	stations.

1	Point No. 8, they have staffs on public
2	affairs programming that include minority
3	employees.
4	Point No. 9, they use call-in formats to allow
5	audience participation.
6	Point No. 10, they participate in minority-
7	related events in their communities.
8	Now beyond these points that were covered by
9	the National Association of Black-Owned Operators,
10	I'd like to add a couple of points beyond these
11	points. Black radios have played a key role in
12	increase black voter registration across this
13	country. They've had a major impact on electing
14	African American elective officials across America.
15	In two markets where I've worked, I've witness
16	the election of the first African American mayors
17	in the cities of New York, and Chicago. And that
18	would not have happened without black-owned radio
19	stations in those marketplaces.
20	And that pretty much covers my comments. I'll
21	talk more in detail during the questions and
22	answers segment.
23	PROFESSOR ARNOLD: Tony Gray.
24	(Applause).
25	He was really instrumental in Mayor Coleman

1	Young's election in 1974, too, in Detroit.
2	Now speaking of elected folks in radio. The
3	latest and the greatest, Ladies and Gentlemen, the
4	Detroit's newest City Council member, Joann Watson,
5	the Honorable Joann Watson.
6	COUNCILWOMAN WATSON: Thank you, John Arnold.
7	Wake up Detroit.
8	AUDIENCE: Wake Up.
9	COUNCILWOMAN WATSON: I want to thank you very
10	much, Mr. Moderator, John Arnold, one of the best
11	voices in black radio, nationally. And I want to
12	thank God, for the Honorable John Conyers Jr., the
13	Dean of the Congressional Black Caucus and ranking
14	Democrat on the House Judiciary Committee, all who
15	have gathered here and my good friend, Dr. Minister
16	Benjamin Chavis-Muhammad, my leader and my good
17	friend, the almost Dr. Verna Green, and everyone
18	who has gathered here, I appreciate your coming to
19	Detroit.
20	I am not only standing here as a person who is
21	blessed to have been elected by the people in the
22	City of Detroit to have a people's victory on the
23	City Council, and also as a friend of John Conyers
24	here until last week was working for the Honorable

John Conyers Jr., covering, among other things,

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1 Black Communications.

I'm a journalist with a degree from the
University of Michigan where I was I was a founder
of the Black Action Movement and I raised a whole
lot of cane to get more black folks in schools of
journalism and elsewhere in the University and
Affirmative Action.

And it is important that you know that as a person who has taught journalism at Lewis College of Business to high school students who are interested in journalism for more than high school. But the Kellogg Foundation, the grant, it is instructed it is more unlikely for there to be the numbers of people of color in schools of journalism as there were when I was there.

It is much more difficult for high schoolers to access these same schools of journalism, notwithstanding the Commission Report of 1968 that indicted media for its institutional racism in journalism. It's a much narrower road, which is way this bill, this vote that the FCC will be engaged in as a center point of our activity, it should be a priority subject matter for us today.

We must balance access to information, images, and content. There is no currently equal access to

information. The media, electronic and print, 1 2 shapes values, opinions; shapes understanding. People began to receive information from the 3 electronic media as fact, and often it is fiction. There are people like my good friend, Helen 5 Moore, who is the counsel of elders and keeps the 6 vote, no takeover; a women who has been standing up 7 for our vote in Detroit simply to get our vote 8 But this movement which has been supported 9 by hundreds and hundreds and hundreds of people in 10 the city of Detroit. For example, major movement 11 has only been written about and only been talked 12 about in the Black press and only left Black press; 13 has only been talked about on Black-owned 14 television stations, like Channel 33 and Channel 68 15 in Detroit and WHBR. The left of the black man, 16 and not even all the people of color respond 17 appropriately to the demographics of the 18 19 communities that you represent in truth. 20

When you look at the numbers of people of color who are represented across the country and the communities, if there is fairness and equity and access to information as governed by the FCC policies of ownership, ought to represent the demographics of those persons who live there. The

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1 ownership and the management ought to represent the demographics. 2 So, if in fact, there were equity and access 3 and equality in the city of Detroit, for example, 4 where the core city obviously in Southeast 5 Michigan, the largest populated city in the state 6 of Michigan is the Detroit, which has an 85 percent 7 black population, there should never be, for example, a news anchor desk that has four persons 9 of all European decent. 10 Am I right about it? 11 12 (Applause). There should never be an occasion where a 13 person in a market that is anchored by Detroit 14 which is an 85 percent African population if, in 15 fact, there are vendors who are helping to maintain 16 certain levels of servicing and supplies to this 17 community. You should not have vendors only 18 purchasing time on stations that are primarily 19 owned by Europeans while the stations owned by 20 people of African Decent are ignored. 21 Even in the Democratic Party, we've meetings. 22 In fact, Dr. Ben Chavez Mohammed and myself 23 attended such a meeting convened by former Vice-24 President Al Gore at the White House where we had 25